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Companies embrace AI tools in regulatory compliance with little guidance from US states

Experts urge human oversight as new technology enters workflows

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Companies and US agencies are increasingly employing artificial intelligence (AI) tools to help them stay ahead of the shifting chemicals regulatory landscape across US states, but many are doing so without the benefit of guidance from state regulators.

How companies implement AI tools and manage their output in the absence of specific rules from regulators could become increasingly consequential as the technology assumes a greater role in compliance work, legal experts told Chemical Watch News & Insight.

As AI becomes increasingly capable of drafting, analysing and processing regulatory information, several commentators said companies need robust human oversight and verification practices to govern its use, because they remain responsible for what they submit regardless of whether AI was involved.

Those risks are already emerging. Companies around the world are using AI extensively in their compliance workflows, according to a recent Enhesa survey, but unverified AI outputs can lead to inaccurate regulatory filings and subsequent fines (see box).

Regulators and AI

While many state environmental agencies already incorporate AI into their processes, they have been slower to provide guidance on how regulated entities should use the technology.

Four state agencies active in chemicals management recently said they have not developed guidance for companies on using AI to produce regulatory submissions such as rulemaking comments or product reports.

The Minnesota Pollution Control Agency (MPCA) said it has no policy on companies' use of AI for regulatory submissions and has "no plans to institute or provide guidance".

Washington's Department of Ecology (Ecology) said the

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use of AI is at companies' discretion, adding that it handles flawed submissions in the same way, regardless of how they were produced.

"If we receive reports or other required information from a business that is incomplete or inaccurate, we ask the business to correct and resubmit, regardless of whether AI was used," Ecology said. "Reviewing information before submitting to Ecology continues to be a best practice."

Some regulators said they are not using the technology to review chemical-related submissions either.

For the MPCA, that means regulators are reviewing tens of thousands of manufacturer-submitted reports on PFAS-containing products without the help of AI.

"The MPCA is not using AI presently," the agency said. "We recognise the potential of AI to provide assistance, but there are no plans to rely solely on AI."

In California, both the Office of Environmental Health Hazard Assessment (OEHHA) and the Department of Toxic Substances Control (DTSC) said they are not using AI to review any materials submitted by regulated entities.

Amy Gilson, OEHHA's deputy director of external and legislative affairs, said the agency has "not used AI tools to screen, organise, summarise, or review submissions from the public and [we] have no plans to at this time".

'Checking it twice'

The absence of AI-specific rules does not mean companies should treat AI output like any other work product without additional safeguards, according to several attorneys advising regulated entities.

Bill Hefner, founder of North Star Environmental Law, said companies "can and should" explore how AI can increase efficiency and prioritise resources when producing comment letters, product reports, and other regulatory submissions.

But "you damn well also better have a system where you are making that list and checking it twice before it gets submitted", he said.

In communicating with regulatory agencies, a corporate officer often must attest that any information submitted is true and accurate, Hefner noted.

"Using AI does not alleviate them of the burden of that assurance," he said.

As companies gather and submit information, they should ensure "that any AI-generated data is subjected to verification prior to attestation and submittal", Hefner said.

'A drafting and research aid'

Brian Gross and Mikaela Barbour, a partner and an associate at MG+M The Law Firm, said many companies are already incorporating AI into their compliance processes as they work through an increasingly complex patchwork of federal and state chemical reporting and disclosure requirements.

AI can help businesses conduct research, organise product information, flag potential compliance issues and prepare preliminary drafts, they said. But there is "a meaningful difference between using AI to support compliance work and relying on it to make substantive compliance determinations or prepare official submissions".

Gross and Barbour said there are specific scenarios where they advise companies to avoid AI, "or to keep it well away from the final product".

For example, putting proprietary chemical formulations, confidential business information (CBI), supplier data or privileged communications into public AI tools can compromise confidentiality, trade secret protection and privilege, they said.

'Make verification the norm'

In August, Chemical Watch News & Insight's parent company, Enhesa, surveyed 273 compliance leaders at large multinational companies and found that nearly all had thoroughly embedded AI in their compliance work, with only 1% of teams not using it at all.

At the same time, more than half of the respondents reported a negative compliance outcome in the past 12 months that they attributed to unverified or incorrect AI output, including incorrect filings and regulatory fines.

Jillian Stacy, Enhesa's senior vice president of chemical intelligence and global expert services, said regulatory compliance teams frequently fail when employees have access to a corporate AI tool but are not trained on its limitations and "end up just blindly trusting the output".

To avoid that, she stressed the importance of verifying AI output.

"Make verification the norm," she said. "Define what verification means for your team and make it a documented step, grounded in source regulations."

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The same goes for certifications and reported data. "Chemical identities, concentrations, volumes, and uses should come from verified records, not from AI output, since errors can lead to civil penalties under TSCA and state laws," they said.

Nor should AI be left to reach legal conclusions, they said. Determining whether a law or regulation applies calls for a lawyer's judgment because AI can "miss the small differences in statutory language" that may alter the answer, they said.

Ultimately, Gross and Barbour advised treating AI as "a drafting and research aid, not the decision maker", with every substantive statement checked against primary sources and signed off by a qualified person before submission.

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