ENGAGE PEO

# Client Alert
## Colorado Repeals and Replaces 2024 AI Law

**WHAT'S NEW:** On May 14, 2026, Governor Polis signed a bill repealing Colorado's 2024 AI law, *Concerning Consumer Protection in Interactions with Artificial Intelligence (AI) Systems*, which was set to become effective June 30, 2026. See original alert here. The new law replaces the original AI bill with a more narrowly tailored law focused on automated decision-making technology (ADMT) and "consequential decisions." The new law is set to take effect on **January 1, 2027**.

**WHY IT MATTERS:** The new law applies to any entity doing business in Colorado that either develops ADMT or deploys ADMT which is used to materially influence a consequential decision.

Covered employer responsibilities would include:

- Providing a clear and conspicuous notice to employees and applicants that an ADMT will be used in consequential decisions.
- If an ADMT makes a decision that leads to an adverse outcome the employer must provide, within 30 days, a plain-language explanation of the ADMT's role.
- Employes and applicants can request the personal data used in an ADMT decision and can request correction of any inaccurate data.
- Anyone who received an adverse outcome from a covered ADMT has the right to request meaningful human review and consideration.
- Must maintain compliance records for at least 3 years.

**WHAT EMPLOYERS SHOULD DO:** Employers should review any artificial intelligence systems that are currently being used for hiring, recruiting, performance management or any consequential employment-related decisions. Begin creating notices to be used for adverse outcome disclosures. Review and update all record retention policies as necessary.

**If you have any questions, please contact your HR Business Partner/Consultant.**