Colorado Legislature Fails to Amend Recent Artificial Intelligence Act

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In 2024, Colorado passedthe first comprehensive state-level law in the U.S. regulating the use of artificial intelligence, the Artificial Intelligence Act (the Act). It imposed strict requirements on developers and users of "high-risk" AI systems, particularly in sectors like employment, housing, finance, and healthcare. The Act drew criticism for its complexity, breadth, and potential to stifle innovation.

In early 2025, lawmakers introduced Senate Bill (SB) 25-318 as a response to growing concerns from the tech industry, employers, and even Governor Jared Polis, who reluctantly signed the Act into law last year.

SB25-318 aimed to soften and clarify some of the more burdensome aspects of the original legislation before its compliance deadline of February 1, 2026.

Amendments proposed under SB 25-318 included:

- An exception to the definition of "developer" if the person offers an AI system with open model weights and meets specified conditions.
- Exemptions for specified technologies.
- Elimination of the duty of a developer or deployer to use reasonable care to protect consumers from known or reasonably foreseeable risks of algorithmic discrimination and the requirement to notify the state attorney general of such risk.
- An exemption from specified disclosure requirements for developers if they meet certain financial and operational criteria.

Despite its intention to strike a balance between innovation and regulation, SB25-318 was voted down 5-2 by the Senate Business, Labor, and Technology Committee on May 5, 2025.

With SB25-318 dead, the original Act remains intact, and the next step is for the Colorado Attorney General to issue rules and/or guidance. As it now stands, businesses and developers operating in Colorado must prepare for full compliance by early 2026 unless this date is otherwise extended.

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