

# What You Need to Know About Colorado's AI Law and the Push to Weaken It

Corporations increasingly use **hidden algorithms** to determine who gets hired, who qualifies for loans, who receives medical care, and who gets access to many other key parts of our lives and livelihoods. These systems scrape data from social media profiles, analyze facial expressions, and generate risk scores that can derail careers or deny basic services. **Workers and consumers have no recourse when algorithms reject them using incorrect, biased, or illegally obtained information** and often are unaware that AI plays any role in decisions affecting their lives.

**Polling shows that voters are hungry for this to change.** A Consumer Reports nationally representative survey of more than 2,000 adults in May 2024 found that [overwhelming majorities of Americans](#) want explanations and a right to correct for AI-driven hiring decisions. A 2024 Pew Research Survey found Americans are more concerned about [the government not doing enough to regulate AI](#) than about it doing too much.

**With SB 24-205, Colorado became the first state to listen to its voters on these issues.** The law only applies when companies use AI as a substantial factor in a decision that has a significant impact on a Coloradan's access to key economic opportunities, specifically education, employment, financial or lending services, essential government services, health care, housing, insurance, or legal services. The law requires companies that use such AI decision systems to:

- Provide basic information about the algorithmic decision system
- Allow consumers to correct incorrect information about them used in the decision
- Analyze the AI system for potential biases
- Give workers and consumers an explanation and opportunity for human review for adverse AI-driven decisions.

**SB 24-205 requires developers of AI decision systems to provide everything that businesses need to comply with the law:** The law requires businesses that use an algorithmic decision system on consumers to provide the necessary notice, assess the risk that that system will violate the consumers' civil rights, and give consumers an opportunity to correct and appeal. Developers must provide those businesses with all the information needed to fulfill those requirements.

The law **minimizes the burdens on Colorado businesses and exempts low-risk uses of AI decisions** by:

- Exempting businesses with fewer than 50 employees from risk assessment requirements
- Creating numerous additional exemptions, including for scientific research, fraud detection, and certain industries where consumers already receive extensive disclosures
- Assigning exclusive enforcement authority to the Attorney General
- Establishing an affirmative defense for companies that discover and cure violations on their own

**Consumer, worker, housing, civil rights, and other public interest groups are asking legislators to:**

- 1) **Reject industry efforts to delay the law:** SB 24-205 is set to go into effect in February 2026. That means companies will have had nearly two years to prepare for it. But for over a year, Big Tech and venture capital groups have moved the goalposts during negotiations and demanded the gutting of the law rather than engaging in legitimate give-and-take negotiations, and are currently lobbying Congress to block enforcement of it and any similar laws for the next decade. Delaying implementation would reward these tactics.
- 2) **Develop any changes to the bill with all impacted parties:** Consumer, labor, housing, and civil rights advocates should have input and buy-in; Big Tech and venture capitalists should not be allowed to unilaterally ram through a bill weakening, delaying, or replacing SB 24-205.
- 3) **Make narrow changes to ensure the law's important transparency and accountability protections work for consumers and workers:**
  - Clarify notice requirements to ensure consumers receive meaningful information about AI-driven decisions that could alter the course of their lives
  - Close loopholes, such as the undefined term "narrow procedural task," that would allow companies to evade disclosure requirements
  - Remove the rebuttable presumption, which will create confusion in discrimination claims and signal that algorithmic discrimination should be subjected to lower standards than other discrimination
  - Require that companies test AI decision systems for the risk that they violate consumer protection, labor, and privacy laws, in addition to discrimination laws
  - Strengthen enforcement by giving consumers a private right of action or by providing the Attorney General with enforcement resources.

