

LFC Requester:	Chavez
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/24/2025 *Check all that apply:*
Bill Number: HB 60 Original Correction
 Amendment Substitute

Sponsor: Christine Chandler

Agency Name and Code AOC 218

Number:

Short Title: Artificial Intelligence Act

Person Writing Analysis: Cassandra Hayne

Phone: 505 819 8259 **Email:** chayne@nmcourts.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

Total	130	390	400	920	recurring	GF
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(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HM 2 LESC Artificial Intelligence Work Group

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

This bill's main goal is to put safeguards around AI systems that make consequential decisions in the lives of New Mexicans so that no algorithmic discrimination can result from their use. Consequential decisions are defined as any provision or denial to a consumer of or cost of products or services in the following areas; education, employment, financial, healthcare, housing, insurance, or legal. Discrimination is defined as differential treatment based on age, color, disability, ethnicity, gender, genetics, English proficiency, nationality, race, religion, reproductive health, veteran status, or other status protected by state or federal law.

AI Systems are often nondeterministic so this bill is attempting to ensure that developers and deployers of these systems take responsibility for the decisions made by these systems. This includes providing details about predeployment testing and other documentation to sufficiently prove that there is no algorithmic discrimination in the products' output and/or a human has the final review to make sure no discriminatory decisions take place.

Synopsis:

FISCAL IMPLICATIONS

The Administrative Office of the Courts will need to create a new AI Compliance team in order to meet the requirements described in this bill. Given the wide range of AI applications—from IoT devices to software systems—the complexity of compliance will require dedicated resources to ensure thorough identification, monitoring, disclosure tracking, impact assessments, and robust risk management policies for both general and high-risk AI systems. This compliance team will be essential to managing the varied regulatory and operational demands across different AI technologies. To effectively handle the anticipated workload, at least three new full-time employees (FTEs) will be required, with an estimated annual cost of \$390K.

SIGNIFICANT ISSUES

Due to the complex subject matter, the bill as written is difficult for a layperson to understand and apply. This poses a barrier to the accurate adoption of the requirements outlined in the bill.

PERFORMANCE IMPLICATIONS- Unknown

ADMINISTRATIVE IMPLICATIONS-

This bill introduces additional overhead trying to identify what is considered an AI system and producing documentation for the identified systems.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP- Unknown

TECHNICAL ISSUES -

The definition of an Artificial Intelligence System is very broad. This could lead to confusion regarding how we classify which of our systems is considered an AI system.

It is unclear how discriminatory incidents can be identified and proven to exist or not exist. While “adversarial testing, red teaming or an internal review process” are all considered “an affirmative defense” for developers and deployers, the lack of minimum standards that result from these actions make it difficult to know what is enough to declare a system is not exhibiting algorithmic discrimination. Stated another way, what is considered a reasonable internal review?

OTHER SUBSTANTIVE ISSUES-

There are no serious penalties for serial noncompliance, and enforcement overall is challenging.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS