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: *1/22/2025*   *Check all that apply:*
Bill Number: *HB 60*   Original ___ *x* Correction ___
          Amendment ___ Substitute ___

Sponsor: Christine Chandler

Agency Name and Code Number: Economic Development Department 41900

Short Title: Artificial Intelligence Act

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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						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

House Bill 60 establishes the Artificial Intelligence Act, creating new requirements for developers and deployers of high-risk artificial intelligence systems and directs the state Department of Justice to promulgate rules relating to the enforcement of the act, including pertaining to consumer civil actions.

The act requires developers of high-risk artificial intelligence systems to provide documentation disclosing a range of information about the system, including intended use, known potential harms, the data used to train the system, how the system was evaluated for performance, and measures taken to mitigate algorithmic discrimination.

The act requires deployers of high-risk artificial intelligence systems to implement risk management policies relating to their deployment of such systems and conduct impact assessments annually and within ninety days of intentional and substantial modifications to the system. These documents are required to be submitted to the state Department of Justice and are exempt from disclosure pursuant to the Inspection of Public Records Act. The act also requires deployers to make available to consumers via its website information summarizing the high-risk artificial intelligence system and detailing the information collected and used by the deployer. Deployers are required to report risk incidents, including discoveries of algorithmic discrimination, to the state Department of Justice within ninety days.

The act details the information that must be provided to a consumer when a high-risk artificial intelligence system is used to make a consequential decision concerning a consumer, including notice of the system's use and the purpose of the system's use, as well as additional required information in the case of a decision by the system that is adverse to the consumer.

FISCAL IMPLICATIONS

No fiscal implications for EDD.

SIGNIFICANT ISSUES

Compliance with the requirements of the act could result in new and increased costs and administrative burdens for New Mexico businesses developing and/or deploying artificial intelligence systems defined as high-risk by the legislation. The act's requirements could also have a negative impact on innovation by creating additional obstacles for the development and deployment of new artificial intelligence technologies. The legislation is seemingly focused on artificial intelligence systems that are deployed direct to consumer or make decisions directly affecting consumers – it is unclear what impact the legislation would have on businesses developing technologies that incorporate artificial intelligence that are not public-facing and provide a business-to-business service. Should businesses find the requirements of the act overly burdensome or stifling, businesses deploying artificial intelligence systems could choose not to

make their services available in the state of New Mexico, and businesses developing technologies that incorporate artificial intelligence could choose not to locate their business within the state.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

No administrative implications for EDD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS