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HOUSE BILL 60

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Christine Chandler and Andrea Romero and Debra M. Sariñana
and Linda M. Trujillo and Heather Berghmans

AN ACT

RELATING TO ARTIFICIAL INTELLIGENCE; ENACTING THE ARTIFICIAL
INTELLIGENCE ACT; REQUIRING NOTICE OF USE, DOCUMENTATION OF
SYSTEMS, DISCLOSURE OF ALGORITHMIC DISCRIMINATION RISK AND RISK
INCIDENTS; REQUIRING RISK MANAGEMENT POLICIES AND IMPACT
ASSESSMENTS; PROVIDING FOR ENFORCEMENT BY THE STATE DEPARTMENT
OF JUSTICE AND FOR CIVIL ACTIONS BY CONSUMERS FOR INJUNCTIVE OR
DECLARATORY RELIEF.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Artificial Intelligence Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Artificial Intelligence Act:

A. "algorithmic discrimination" means any condition
in which the use of an artificial intelligence system results

1 in an unlawful differential treatment or impact that disfavors
2 a person on the basis of the person's actual or perceived age,
3 color, disability, ethnicity, gender, genetic information,
4 proficiency in the English language, national origin, race,
5 religion, reproductive health, veteran status or other status
6 protected by state or federal law, but does not include:

7 (1) the offer, license or use of a high-risk
8 artificial intelligence system by a developer or deployer for
9 the sole purpose of:

10 (a) the developer's or deployer's self-
11 testing to identify, mitigate or ensure compliance with state
12 and federal law; or

13 (b) expanding an applicant, customer or
14 participant pool to increase diversity or redress historical
15 discrimination; or

16 (2) an act or omission by or on behalf of a
17 private club or other entity that is not open to the public
18 pursuant to federal law;

19 B. "artificial intelligence system" means any
20 machine-based system that for an explicit or implicit objective
21 infers from the inputs the system receives how to generate
22 outputs, including content, decisions, predictions or
23 recommendations, that can influence physical or virtual
24 environments;

25 C. "consequential decision" means a decision that

1 has a material legal or similarly significant effect on the
2 provision or denial to a consumer of or the cost or terms of:

3 (1) education enrollment or an educational
4 opportunity;

5 (2) employment or an employment opportunity;

6 (3) a financial or lending service;

7 (4) health care service;

8 (5) housing;

9 (6) insurance; or

10 (7) legal service;

11 D. "consumer" means a resident of New Mexico;

12 E. "deploy" means to use an artificial intelligence
13 system;

14 F. "deployer" means a person who deploys an
15 artificial intelligence system;

16 G. "developer" means a person who develops or
17 intentionally and substantially modifies an artificial
18 intelligence system;

19 H. "health care services" means treatment, services
20 or research designed to promote the improved health of a
21 person, including primary care, prenatal care, dental care,
22 behavioral health care, alcohol or drug detoxification and
23 rehabilitation, hospital care, the provision of prescription
24 drugs, preventive care or health outreach;

25 I. "high-level summary" means information about the

1 data and data sets used to train the high-risk artificial
2 intelligence system, including:

3 (1) the sources or owners of the data sets and
4 whether the data sets were purchased or licensed by the
5 developer;

6 (2) the factors in the data, including
7 attributes or other information about a consumer, that the
8 system uses to produce its outputs, scores or recommendations;

9 (3) the demographic groups represented in the
10 data sets and the proportion of each age, ethnic, gender or
11 racial group in each dataset;

12 (4) a description of the types of data points
13 within the data sets, including, for data sets that include
14 labels, a description of the types of labels used;

15 (5) whether the data sets include any data
16 protected by copyright, trademark or patent or whether the data
17 sets are entirely in the public domain;

18 (6) whether there was any cleaning, processing
19 or other modification to the data sets by the developer,
20 including the intended purpose of those efforts in relation to
21 the high-risk artificial intelligence system;

22 (7) the time period during which the data in
23 the data sets were collected, including a notice when data
24 collection is ongoing;

25 (8) the geographical regions or jurisdictions

1 in which the data sets were collected, including whether the
2 data sets were collected solely in New Mexico, solely in other
3 states or in New Mexico in combination with other states; and

4 (9) other information as required by the state
5 department of justice by rule;

6 J. "high-risk artificial intelligence system" means
7 any artificial intelligence system that when deployed makes or
8 is a substantial factor in making a consequential decision, but
9 does not include:

10 (1) an artificial intelligence system intended
11 to:

12 (a) perform a narrow procedural task; or

13 (b) detect decision-making patterns or
14 deviations from prior decision-making patterns and is not
15 intended to replace or influence a previously completed human
16 assessment without sufficient human review; or

17 (2) the following technologies, unless the
18 technologies make or are a substantial factor in making a
19 consequential decision when the technologies are deployed:

20 (a) anti-fraud technology that does not
21 use facial recognition technology;

22 (b) anti-malware;

23 (c) antivirus;

24 (d) artificial-intelligence-enabled

25 video games;

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- 1 (e) calculators;
- 2 (f) cybersecurity;
- 3 (g) databases;
- 4 (h) data storage;
- 5 (i) firewalls;
- 6 (j) internet domain registration;
- 7 (k) internet website loading;
- 8 (l) networking;
- 9 (m) spam and robocall filtering;
- 10 (n) spell checking;
- 11 (o) spreadsheets;
- 12 (p) web caching;
- 13 (q) web hosting or similar technology;

14 or

15 (r) technology that communicates with
16 consumers in natural language for the purpose of providing
17 users with information, making referrals or recommendations and
18 answering questions and is subject to an accepted use policy
19 that prohibits generating content that is discriminatory or
20 harmful;

21 K. "intentional and substantial modification" and
22 "intentionally and substantially modifies" means a deliberate
23 change made to an artificial intelligence system that results
24 in a new reasonably foreseeable risk of algorithmic
25 discrimination, but does not include a change made to a high-

1 risk artificial intelligence system or the performance of a
2 high-risk artificial intelligence system when:

3 (1) the high-risk artificial intelligence
4 system continues to learn after the system is:

5 (a) offered, sold, leased, licensed,
6 given or otherwise made available to a deployer; or

7 (b) deployed;

8 (2) the change is made as a result of system
9 learning after being made available to a deployer or being
10 deployed;

11 (3) the change was predetermined by the
12 deployer or a third party contracted by the deployer when the
13 deployer or third party completed an impact assessment of the
14 high-risk artificial intelligence system pursuant to Section 6
15 of the Artificial Intelligence Act; or

16 (4) the change is included in technical
17 documentation for the high-risk artificial intelligence system;

18 L. "offered or made available" includes a gift,
19 lease, sale or other conveyance of an artificial intelligence
20 system to a recipient deployer or a developer other than the
21 original system developer;

22 M. "recipient" means a deployer who has received an
23 artificial intelligence system from a developer or a developer
24 who has received an artificial intelligence system from another
25 developer;

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1 N. "risk incident" means an incident when a
2 developer discovers or receives a credible report from a
3 deployer that a high-risk artificial intelligence system
4 offered or made available by the developer has caused or is
5 reasonably likely to have caused algorithmic discrimination;

6 O. "substantial factor" means:

7 (1) a factor that:

8 (a) assists in making a consequential
9 decision;

10 (b) is capable of altering, advising or
11 influencing the outcome of a consequential decision; and

12 (c) is generated by an artificial
13 intelligence system; or

14 (2) content, decisions, labels, predictions,
15 recommendations or scores generated by an artificial
16 intelligence system concerning a consumer that are used as a
17 basis, partial basis or recommendation to make a consequential
18 decision concerning the consumer; and

19 P. "trade secret" means information, including a
20 formula, pattern, compilation, program, device, method,
21 technique or process, that:

22 (1) derives independent economic value, actual
23 or potential, from not being generally known to and not being
24 readily ascertainable by proper means by other persons who
25 could obtain economic value from the information's disclosure

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1 or use; and

2 (2) is the subject of efforts that are
3 reasonable under the circumstances to maintain its secrecy.

4 SECTION 3. [NEW MATERIAL] DUTY OF CARE--DISCLOSURE OF
5 RISK POTENTIAL--PROVISION OF DOCUMENTATION.--A developer shall:

6 A. use reasonable care to protect consumers from
7 known or foreseeable risks of algorithmic discrimination
8 arising from intended and contracted uses of a high-risk
9 artificial intelligence system;

10 B. except for information excluded pursuant to
11 Subsection C of Section 4 of the Artificial Intelligence Act,
12 make the following available to a recipient of the developer's
13 high-risk artificial intelligence system:

14 (1) a general summary describing the
15 reasonably foreseeable uses and known harmful or inappropriate
16 uses of the system; and

17 (2) documentation disclosing:

18 (a) the purpose, intended uses and
19 benefits of the system;

20 (b) a high-level summary of the type of
21 data used to train the system;

22 (c) known or reasonable foreseeable
23 limitations of the system, including the risk of algorithmic
24 discrimination arising from the intended use of the system;

25 (d) how the system was evaluated for

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1 performance and mitigation of algorithmic discrimination prior
2 to being offered or made available to the deployer, including:
3 1) the metrics of performance and bias that were used; 2) how
4 the metrics were measured; 3) any independent studies carried
5 out to evaluate the system for performance and risk of
6 discrimination; and 4) whether the studies are publicly
7 available or peer-reviewed;

8 (e) the measures governing the data sets
9 used to train the system, the suitability of data sources,
10 possible biases and bias mitigation;

11 (f) the intended outputs of the system;

12 (g) the measures the developer has taken
13 to mitigate known or reasonably foreseeable risks of
14 algorithmic discrimination that are reasonably foreseeable from
15 the use of the system;

16 (h) how the system should be used and
17 monitored by the deployer;

18 (i) any additional information that is
19 reasonably necessary to assist the deployer in understanding
20 the outputs and monitoring the performance of the system for
21 risks of algorithmic discrimination; and

22 (j) any other information necessary to
23 allow the deployer to comply with the requirements of this
24 section;

25 C. except for information excluded pursuant to

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1 Subsection C of Section 4 of the Artificial Intelligence Act,
2 to the extent feasible make available to the recipient the
3 necessary information to conduct an impact assessment as
4 required pursuant to Section 6 of the Artificial Intelligence
5 Act. Such information shall include model cards, dataset cards
6 or previous impact assessments relevant to the system, its
7 development or use;

8 D. post on the developer's website in a clear and
9 readily available manner a statement or public-use case
10 inventory that summarizes:

11 (1) the types of high-risk artificial
12 intelligence systems that the developer has developed or
13 intentionally and substantially modified and currently offers
14 or makes available to recipients; and

15 (2) how the developer manages known or
16 reasonably foreseeable risks of algorithmic discrimination that
17 may arise from the use or intentional and substantial
18 modification of the systems listed on the developer's website
19 pursuant to this subsection; and

20 E. ensure that the statement or public-use case
21 inventory posted pursuant to this section remains accurate and
22 is updated within ninety days of an intentional and substantial
23 modification of a high-risk artificial intelligence system
24 offered or made available by the developer to recipients.

25 SECTION 4. [NEW MATERIAL] RISK INCIDENTS--REQUIRED

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1 DISCLOSURE AND SUBMISSION--EXCEPTIONS.--

2 A. Within ninety days of a risk incident and in a
3 form and manner prescribed by the state department of justice,
4 a developer shall disclose to the department and all known
5 recipients of the high-risk artificial intelligence system that
6 is the basis of the risk incident the known and foreseeable
7 risks of algorithmic discrimination that may arise from the
8 intended uses of the system.

9 B. Within ninety days of a request by the state
10 department of justice, a developer shall submit to the
11 department a copy of the summary and documentation the
12 developer has made available to recipients pursuant to Section
13 3 of the Artificial Intelligence Act. A developer may
14 designate the summary or documentation as including proprietary
15 information or a trade secret. To the extent that information
16 contained in the summary or documentation includes information
17 subject to attorney-client privilege or work-product
18 protection, compliance with this section does not constitute a
19 waiver of the privilege or protection.

20 C. As part of a disclosure, notice or submission
21 pursuant to the Artificial Intelligence Act, a developer shall
22 not be required to disclose a trade secret, information
23 protected from disclosure by state or federal law or
24 information that would create a security risk to the developer.
25 Such disclosure, notice or submission shall be exempt from

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1 disclosure pursuant to the Inspection of Public Records Act.

2 SECTION 5. [NEW MATERIAL] DEPLOYER RISK-MANAGEMENT POLICY
3 REQUIRED.--

4 A. A deployer shall use reasonable care to protect
5 consumers from known or reasonably foreseeable risks of
6 algorithmic discrimination.

7 B. A deployer shall implement a risk management
8 policy and program to govern the deployer's deployment of a
9 high-risk artificial intelligence system. The risk management
10 policy and program shall:

11 (1) specify and incorporate the principles,
12 processes and personnel that the deployer uses to identify,
13 document and mitigate known or reasonably foreseeable risks of
14 algorithmic discrimination; and

15 (2) be an iterative process planned,
16 implemented and regularly and systematically updated over the
17 life cycle of a high-risk artificial intelligence system and
18 include regular systematic review and updates.

19 C. A risk management policy shall meet standards
20 established by the state department of justice by rule.

21 SECTION 6. [NEW MATERIAL] DEPLOYER IMPACT ASSESSMENTS.--

22 A. Except as provided in Subsections D, E and H of
23 this section, a deployer shall conduct an impact assessment for
24 any high-risk artificial intelligence system deployed by the
25 deployer:

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- 1 (1) annually; and
2 (2) within ninety days of an intentional and
3 substantial modification to the system.

4 B. An impact assessment of a high-risk artificial
5 intelligence system completed pursuant to this section shall
6 include, to the extent reasonably known by or available to the
7 deployer:

8 (1) a statement of the intended uses,
9 deployment contexts and benefits of the system;

10 (2) an analysis of any known or reasonably
11 foreseeable risks of algorithmic discrimination posed by the
12 system, and when a risk exists, the nature of the algorithmic
13 discrimination and the steps that have been taken to mitigate
14 the risk;

15 (3) a description of the categories of data
16 the system processes as inputs and the outputs the system
17 produces;

18 (4) a summary of categories of any data used
19 to customize the system;

20 (5) the metrics used to evaluate the
21 performance and known limitations of the system, including:

22 (a) whether the evaluation was carried
23 out using test data;

24 (b) whether the test data sets were
25 collected solely in New Mexico, solely in other states or in

1 New Mexico in combination with other states;

2 (c) the demographic groups represented
3 in the test data sets and the proportion of each age, ethnic,
4 gender or racial group in each data set; and

5 (d) any independent studies carried out
6 to evaluate the system for performance and risk of
7 discrimination and whether the studies are publicly available
8 or peer-reviewed;

9 (6) a description of any transparency measures
10 taken concerning the system, including measures taken to
11 disclose to a consumer when the system is in use; and

12 (7) a description of the post-deployment
13 monitoring and user safeguards provided for the system,
14 including oversight, use and learning processes used by the
15 deployer to address issues arising from deployment of the
16 system.

17 C. An impact assessment conducted due to an
18 intentional and substantial modification of a high-risk
19 artificial intelligence system shall include a disclosure of
20 the extent to which the system was used in a manner consistent
21 with, or that varied from, the developer's intended uses of the
22 system.

23 D. A deployer may use a single impact assessment to
24 address a set of comparable high-risk artificial intelligence
25 systems.

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1 E. An impact assessment conducted for the purpose
2 of complying with another applicable law or rule shall satisfy
3 the requirement of this section when the assessment:

4 (1) meets the requirements of this section;
5 and

6 (2) is reasonably similar in scope and effect
7 to an assessment that would otherwise be conducted pursuant to
8 this section.

9 F. For at least three years following the final
10 deployment of a high-risk artificial intelligence system, a
11 deployer shall maintain records of the most recently conducted
12 impact assessment for the system, including all records
13 concerning the assessment and all prior assessments for the
14 system.

15 G. On or before March 1, 2027, a deployer shall
16 review each high-risk artificial intelligence system that the
17 deployer has deployed to ensure that the system is not causing
18 algorithmic discrimination.

19 H. This section is not applicable when:

20 (1) a deployer using a high-risk artificial
21 intelligence system:

22 (a) employs fewer than fifty full-time
23 employees;

24 (b) does not use the deployer's own data
25 to train the system;

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1 (c) uses the system solely for the
2 system's intended uses as disclosed by a developer pursuant to
3 the Artificial Intelligence Act; and

4 (d) makes any impact assessment of the
5 system that has been provided by the developer pursuant to the
6 Artificial Intelligence Act available to consumers; and

7 (2) the system continues learning based on
8 data derived from sources other than the deployer's own data.

9 SECTION 7. [NEW MATERIAL] DEPLOYER GENERAL NOTICE TO
10 CONSUMERS.--

11 A. A deployer shall make readily available to its
12 consumers and on its website:

13 (1) a summary of the types of high-risk
14 artificial intelligence systems that the deployer currently
15 deploys and how known or reasonably foreseeable risks of
16 algorithmic discrimination from the deployment of each system
17 are managed; and

18 (2) a detailed explanation of the nature,
19 source and extent of the information collected and used by the
20 deployer.

21 B. At a minimum, a deployer shall update the
22 information posted on its website pursuant to this section
23 annually and when the deployer deploys a new high-risk
24 artificial intelligence system.

25 SECTION 8. [NEW MATERIAL] USE OF ARTIFICIAL INTELLIGENCE

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1 SYSTEMS WHEN MAKING CONSEQUENTIAL DECISIONS--DIRECT NOTICE TO
2 AFFECTED CONSUMERS--ADVERSE DECISIONS--OPPORTUNITY FOR
3 APPEAL.--

4 A. Except as provided in Subsection E of this
5 section, before a high-risk artificial intelligence system is
6 used to make or is a substantial factor in making a
7 consequential decision concerning a consumer, a deployer shall
8 provide directly to the consumer:

9 (1) notice that the system will be used to
10 make or be a substantial factor in making the decision; and

11 (2) information describing:

12 (a) the system and how to access the
13 deployer's notice required pursuant to Section 7 of the
14 Artificial Intelligence Act;

15 (b) the purpose of the system and the
16 nature of the consequential decision being made; and

17 (c) the deployer's contact information.

18 B. Except as provided in Subsection E of this
19 section, when a high-risk artificial intelligence system has
20 been used to make or has been a substantial factor in making a
21 consequential decision concerning a consumer that is adverse to
22 the consumer, the deployer shall provide directly to the
23 consumer:

24 (1) a statement explaining:

25 (a) the principal reason or reasons for

1 the decision;

2 (b) the degree and manner in which the
3 system contributed to the decision; and

4 (c) the source and type of data that was
5 processed by the system to make or that was a substantial
6 factor in making the decision;

7 (2) an opportunity to correct any incorrect
8 personal data that the system processed to make or that was a
9 substantial factor in making the decision; and

10 (3) an opportunity to appeal the adverse
11 decision except in instances where an appeal is not in the best
12 interest of the consumer, such as creating a delay that may
13 pose a risk of life or safety to the consumer.

14 C. If technically feasible, an appeal of an adverse
15 decision pursuant to this section shall allow for human review.

16 D. All information, notices and statements to a
17 consumer as required by this section shall be provided:

18 (1) in plain language and in all languages in
19 which the deployer in the ordinary course of business provides
20 contracts, disclaimers, sale announcements and other
21 information to consumers; and

22 (2) in a format that is accessible to
23 consumers with disabilities.

24 E. When a deployer is unable to provide
25 information, notice or a statement required pursuant to this

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1 section directly to a consumer, the deployer shall make such
2 information, notices or statements available in a manner that
3 is reasonably calculated to ensure that the consumer receives
4 the information, notice or statement.

5 SECTION 9. [NEW MATERIAL] USE OF HIGH-RISK ARTIFICIAL
6 INTELLIGENCE SYSTEM--NOTICE AND DISCLOSURE TO THE STATE
7 DEPARTMENT OF JUSTICE--INSPECTION OF PUBLIC RECORDS ACT
8 EXEMPTION.--

9 A. When a deployer discovers that a high-risk
10 artificial intelligence system that has been used has caused
11 algorithmic discrimination, the deployer shall as expeditiously
12 as possible but at a maximum within ninety days notify the
13 state department of justice of the discovery. The notice shall
14 be in a form and manner prescribed by the department.

15 B. Upon request by the state department of justice,
16 a deployer shall within ninety days submit to the state
17 department of justice any risk management policy, impact
18 assessment or records conducted, implemented, maintained or
19 received pursuant to the Artificial Intelligence Act. The
20 submission shall be in a form and manner prescribed by the
21 department.

22 C. The state department of justice may evaluate
23 risk management policies, impact assessments or records
24 submitted pursuant to this section for compliance with the
25 Artificial Intelligence Act.

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1 D. A risk management policy, impact assessment or
2 record submitted to the state department of justice pursuant to
3 this section is exempt from disclosure pursuant to the
4 Inspection of Public Records Act.

5 E. In a submission pursuant to this section, a
6 deployer may designate a portion of the submission as including
7 proprietary information or a trade secret and to the extent
8 that a submission contains information subject to attorney-
9 client privilege or work-product protection, the submission
10 does not constitute a waiver of the privilege or protection.

11 **SECTION 10. [NEW MATERIAL] INTERACTION OF ARTIFICIAL**
12 **INTELLIGENCE SYSTEM WITH CONSUMERS--REQUIRED DISCLOSURE.--A**
13 **developer that offers or makes available an artificial**
14 **intelligence system intended to interact with consumers shall**
15 **ensure that a consumer is informed that the consumer is**
16 **interacting with an artificial intelligence system. This**
17 **section does not apply when it would be obvious to a reasonable**
18 **person that the consumer is interacting with an artificial**
19 **intelligence system.**

20 **SECTION 11. [NEW MATERIAL] EXEMPTION FROM DISCLOSURE--**
21 **TRADE SECRETS AND OTHER INFORMATION PROTECTED BY LAW--NOTICE TO**
22 **CONSUMER.--**

23 A. Nothing in the Artificial Intelligence Act shall
24 require a deployer or developer to disclose a trade secret or
25 other information protected from disclosure by state or federal

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1 law.

2 B. To the extent that a deployer or developer
3 withholds information pursuant to this section that would
4 otherwise be part of a disclosure pursuant to the Artificial
5 Intelligence Act, the deployer or developer shall notify a
6 consumer and provide a basis for the withholding.

7 SECTION 12. [NEW MATERIAL] APPLICABILITY EXEMPTIONS--
8 OTHER LAW--SECURITY AND TESTING--FEDERAL USE--INSURANCE
9 PROVIDERS.--

10 A. No provision of the Artificial Intelligence Act
11 shall be construed to restrict a person's ability to:

12 (1) comply with federal, state or municipal
13 laws or regulations;

14 (2) comply with a civil, criminal or
15 regulatory inquiry, investigation, subpoena or summons by a
16 governmental authority;

17 (3) cooperate with a law enforcement agency
18 concerning activity that the person reasonably and in good
19 faith believes may violate other laws or regulations;

20 (4) defend, exercise or investigate legal
21 claims;

22 (5) act to protect an interest that is
23 essential for the life or physical safety of a person;

24 (6) by means other than the use of facial
25 recognition technology:

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1 (a) detect, prevent, protect against or
2 respond to deceptive, illegal or malicious activity, fraud,
3 identity theft, harassment or security incidents; or

4 (b) investigate, prosecute or report
5 persons responsible for the actions listed in Subparagraph (a)
6 of this paragraph;

7 (7) preserve the integrity or security of
8 artificial intelligence, computer, electronic or internet
9 connection systems;

10 (8) engage in public or peer-reviewed
11 scientific or statistical research that adheres to and is
12 conducted in accordance with applicable federal and state law;

13 (9) engage in pre-market testing other than
14 testing conducted under real-world conditions, including
15 development, research and testing of artificial intelligence
16 systems; or

17 (10) assist another person with compliance
18 with the Artificial Intelligence Use Act.

19 B. No provision of the Artificial Intelligence Act
20 shall be construed to restrict:

21 (1) a product recall; or

22 (2) identification or repair of technical
23 errors that impair the functionality of an artificial
24 intelligence system.

25 C. The Artificial Intelligence Act shall not apply

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1 in circumstances where compliance would violate an evidentiary
2 privilege pursuant to law.

3 D. No provision of the Artificial Intelligence Act
4 shall be construed so as to limit a person's rights to free
5 speech or freedom of the press pursuant to the first amendment
6 to the United States constitution or Article 2, Section 17 of
7 the constitution of New Mexico.

8 E. The Artificial Intelligence Act shall not apply
9 to a developer, deployer or other person who:

10 (1) uses or intentionally and substantially
11 modifies a high-risk artificial intelligence system that:

12 (a) has been authorized by a federal
13 agency in accordance with federal law; and

14 (b) is in compliance with standards
15 established by a federal agency in accordance with federal law
16 when such standards are substantially equivalent or more
17 stringent than the requirements of the Artificial Intelligence
18 Act;

19 (2) conducts research to support an
20 application for certification or review by a federal agency
21 pursuant to federal law;

22 (3) performs work under or in connection with
23 a contract with a federal agency, unless the work is on a high-
24 risk artificial intelligence system used to make or as a
25 substantial factor in making a decision concerning employment

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1 or housing; or

2 (4) is a covered entity pursuant to federal
3 health insurance law and is providing health care
4 recommendations:

5 (a) generated by an artificial
6 intelligence system;

7 (b) that require a health care provider
8 to take action to implement the recommendations; and

9 (c) that are not considered to be high
10 risk.

11 F. The Artificial Intelligence Act shall not apply
12 to an artificial intelligence system acquired by the federal
13 government, except for a high-risk artificial intelligence
14 system used to make or as a substantial factor in making a
15 decision concerning employment or housing.

16 G. A financial institution or affiliate or
17 subsidiary of a financial institution that is subject to
18 prudential regulation by another state or by the federal
19 government pursuant to laws that apply to the use of high-risk
20 artificial intelligence systems shall be deemed to be in
21 compliance with the Artificial Intelligence Act when the
22 applicable laws:

23 (1) impose requirements that are substantially
24 equivalent to or more stringent than the requirements imposed
25 by the Artificial Intelligence Act; and

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1 (2) at a minimum, require the financial
2 institution to:

3 (a) regularly audit the institution's
4 use of high-risk artificial intelligence systems for compliance
5 with state and federal antidiscrimination laws; and

6 (b) mitigate any algorithmic
7 discrimination caused by the use of a high-risk artificial
8 intelligence system.

9 H. As used in this section, "financial institution"
10 means an insured state or national bank, a state or federal
11 savings and loan association or savings bank, a state or
12 federal credit union or authorized branches of each of the
13 foregoing.

14 I. A developer, deployer or other person who
15 engages in an action pursuant to an exemption set forth in this
16 section shall bear the burden of demonstrating that the action
17 qualifies for the exemption.

18 SECTION 13. [NEW MATERIAL] ENFORCEMENT--STATE DEPARTMENT
19 OF JUSTICE--CONSUMER CIVIL ACTIONS.--

20 A. Upon the promulgation of rules pursuant to
21 Section 14 of the Artificial Intelligence Act:

22 (1) the state department of justice shall have
23 authority to enforce that act; and

24 (2) a consumer may bring a civil action in
25 district court against a developer or deployer for declaratory

1 or injunctive relief and attorney fees for a violation of that
2 act.

3 B. In an action by the state department of justice
4 to enforce the Artificial Intelligence Act, it is an
5 affirmative defense when:

6 (1) the developer, deployer or other person
7 discovers and cures a violation of the Artificial Intelligence
8 Act as a result of:

9 (a) feedback that the developer,
10 deployer or other person encourages the deployer or users to
11 provide; or

12 (b) adversarial testing, red teaming or
13 an internal review process; and

14 (2) the developer, deployer or other person is
15 in compliance with a risk management framework for artificial
16 intelligence systems designated by the state department of
17 justice by rule.

18 C. In an action by the state department of justice
19 to enforce the Artificial Intelligence Act, the developer,
20 deployer or other person who is the subject of the enforcement
21 shall bear the burden of demonstrating that the requirements
22 for an affirmative defense pursuant to this section have been
23 met.

24 D. Nothing within the Artificial Intelligence Act,
25 including the enforcement authority granted to the state

underscored material = new
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1 department of justice pursuant to this section, preempts or
2 otherwise affects any right, claim, remedy, presumption or
3 defense available in law or equity.

4 E. An affirmative defense or rebuttable
5 presumption established by the Artificial Intelligence Act
6 applies only to an enforcement action by the state department
7 of justice and does not apply to any right, claim, remedy,
8 presumption or defense available in law or equity.

9 F. A violation of the Artificial Intelligence Act
10 is an unfair practice and may be enforced pursuant to the
11 Unfair Practices Act.

12 G. As used in this section:

13 (1) "adversarial testing" means to proactively
14 try to break an application by providing it with data most
15 likely to elicit problematic output, or as defined by the state
16 department of justice by rule; and

17 (2) "red teaming" means the practice of
18 simulating attack scenarios on an artificial intelligence
19 application to pinpoint weaknesses and plan preventive measures
20 or as defined by the state department of justice by rule.

21 SECTION 14. [NEW MATERIAL] RULEMAKING.--On or before
22 January 1, 2027, the state department of justice shall
23 promulgate rules to implement the Artificial Intelligence Act
24 and shall post them prominently on the state department of
25 justice's website.

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SECTION 15. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2026.

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