Review of lawsuits/legal issues re: AI legislation

- **Colorado.** On April 9, 2026, xAI, Elon Musk's AI company, sued in federal court to block Colorado's 2024 algorithmic discrimination law. This was the first time a major AI developer went to federal court to challenge a state AI law on constitutional grounds. Among other claims, xAI argued that key terms such as "historical discrimination" are unconstitutionally vague. The U.S. Department of Justice intervened and joined the suit against Colorado. On May 14, the governor signed a bill that repealed the 2024 law and replaced it with a narrower one.
- **California.** xAI also sued to block California's AI training data transparency law. On March 4, 2026, a federal court denied xAI's request to block the law, finding that xAI was unlikely to win on any of its constitutional claims. It was the first federal ruling upholding a state AI transparency law. The case is currently on appeal.

Review of the Vermont report from 2020 – any updates?

- As was noted during our first meeting, Vermont's task force was one of the first in the country. It is because of this that Vermont's 2020 report focused mostly on the need for continued study and recommended creating a permanent commission. Since then, Vermont passed Act 132 (2022), which created a Division of AI and an AI Council within the Agency of Digital Services to oversee AI use in state government. In 2025, the Council recommended extending oversight to the private sector. In 2026, the Vermont legislature extended the Council through 2030 and required a report on the ethical use of AI in health care, human services, and education. That report is due by January 15, 2027.

Review of NC and TX AI Committee reports

- **North Carolina.** On July 1, Governor Stein's AI Leadership Council released a roadmap with 17 strategic goals in three categories: protect, prepare, and transform. It recommends a full package of policies to address AI-related harms in the 2027 legislative session. Statewide AI Strategic Roadmap
- **Texas.** Texas passed the Texas Responsible Artificial Intelligence Governance Act (TRAIGA) in 2025, and it took effect January 1, 2026. The law applies to anyone who advertises or does business in Texas, makes a product or service used by Texas residents, or develops or deploys an AI system in Texas. It prohibits AI that is intentionally used to discriminate against protected classes, infringe constitutional rights, or encourage harm. Because a violation requires intent, developers and deployers who break the rules by accident are largely protected. Private companies have no general requirement to conduct risk assessments, keep documentation, or give notice and explanations. State agencies,

however, must tell people when they are interacting with AI. The law also created an Artificial Intelligence Council under the Department of Information Resources. It runs a regulatory sandbox where companies can test AI systems without facing enforcement under certain state laws.

Definition of “high risk AI”

- **Kentucky.** SB 4 (2025) defines a “high-risk artificial intelligence system” as any AI system that is a “substantial factor” in decision-making, or that is specifically intended to make, or be a substantial factor in making, a “consequential decision” on its own. Consequential decisions are those that affect a person’s legal rights, access to services, or costs. Systems meant only to perform a procedural task or improve the result of work a person has already done are excluded. State agencies may not use a high-risk system to make a consequential decision unless they have a risk management policy and program in place.
- **Other States.** Colorado, Virginia, and Texas also attempted to regulate “high-risk” AI, but none of those approaches are in effect today. Colorado enacted a high-risk framework in 2024 but replaced it in 2026 with a narrower law on automated decision-making in consequential decisions. Virginia’s governor vetoed its high-risk bill in 2025. Texas removed the high-risk framework from TRAIGA before it passed. The trend is moving away from this definition and toward narrower, use-specific approaches.