

COLORADO'S LANDMARK AI LAW STILL ON TRACK FOR 2026, BUT PUSH TO DELAY CONTINUES – WHAT SHOULD EMPLOYERS DO?

Insights
May 15, 2025

Despite months of intense lobbying and a last-minute legislative scramble, Colorado's sweeping AI anti-bias law is still set to take effect on February 1, 2026. But the tech industry isn't done fighting. After lawmakers just adjourned the 2025 legislative session without passing any changes to the artificial intelligence law, a coalition of tech companies and business groups is now pressuring Governor Jared Polis to call a special session to delay or revise the law before it kicks in. The latest developments mark a dramatic turn in the most closely watched state AI battle in the country, but they leave employers wondering how to face an uncertain regulatory landscape. What do you need to know about these developments and what should you do as we await final resolution?

Starter Pack of FP Resources on Colorado's AI Law

[Read our summary of the law's core provisions.](#)
[See what the state's AI task force said about compliance complexity.](#)
[Track Colorado's earlier reconsideration efforts.](#)

A Year of Tension Ends in Legislative Stalemate

Colorado's impending AI law, SB 205, requires businesses and government agencies to conduct bias risk assessments and offer consumer disclosures and appeals when using AI in high-risk areas like employment, lending, and housing. But tech companies, many of which have large footprints in

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the state, say the law is too vague, too burdensome, and arrives too soon.

In response, [a bipartisan working group spent months developing a compromise bill](#), SB 318, to adjust the law before it takes effect. Among its proposed changes:

- Delay the implementation date from February 2026 to January 2027
- Scale back certain reporting and documentation requirements
- Clarify language around what counts as a high-risk system

But the compromise collapsed days before the session ended, with [key lawmakers voting 5-2](#) to postpone SB 318 indefinitely in advance of the legislative deadline. Why?

- Governor Polis opposed the bill in its final form, saying it didn't go far enough to ensure innovation wasn't stifled.
- Tech industry groups rejected the proposed changes as insufficient, demanding broader exemptions and a longer delay.
- Legislative sponsors like Rep. Brianna Titone (D) and Sen. Robert Rodriguez (D) refused to gut core protections after already offering concessions.

The New Front: A Special Session?

With the legislature adjourned, the focus has now turned to Governor Polis and whether he'll step in.

- The Colorado Technology Association and the Colorado Independent AI Coalition have publicly urged the Governor to call a special session, even launching a media campaign to build public pressure.
- Last year, Polis called a special session to address property taxes, proving it's a move he's willing to make if circumstances warrant.

The Governor may also see political incentive to act: he signed the original bill but [did so alongside a letter urging lawmakers to "fine tune" it](#). Now, with no fine-tuning having



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been done and intense pressure from business leaders, the spotlight is back on him.

What the Law Still Requires — For Now

Unless a special session changes the game, SB 205 will take effect on February 1, 2026. Key obligations for employers and AI deployers include:

- **Use reasonable care** to avoid algorithmic discrimination;
- **Notify individuals** when AI plays a significant role in decisions;
- **Provide an appeals process** for affected individuals;
- **Conduct and document impact assessments** for high-risk AI systems;
- **Report compliance efforts** to regulators to qualify for a safe harbor.

[Read our summary of the law's core provisions.](#)

[Explore our AI Governance 101 resource to get started on compliance.](#)

What Employers Should Do Now

Even with calls for delay still in play, you should assume the law will take effect on schedule and prepare accordingly. Here's what to focus on:

1. **Inventory your AI systems** – Identify where automated decision-making tools are being used, particularly in HR, finance, and customer interactions.
2. **Vet your vendors** – Ask pointed questions about bias testing, explainability, and appeal capabilities. [Read our essential guide here.](#)
3. **Start your documentation** – Create internal records of risk assessments, oversight protocols, and staff training to show a good-faith compliance effort.
4. **Design a notice and appeal system** – You'll need to notify individuals when AI significantly influences a decision and give them a way to challenge it.

5. **Stay nimble** – Design your compliance approach to be flexible if the law is delayed, amended, or overridden by future federal regulations. You can track key developments by signing up for our [FP Insight System here](#).

Want More on the Future of AI Regulation?

Join us for our **third-annual AI Conference** in Washington, D.C. on October 23 to 25, where we'll be unpacking the Colorado law and many other cutting-edge compliance issues.

[Register here](#).

Conclusion

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