

<b>LFC Requester:</b>	
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## AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto: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:** 1/16/2026

Check all that apply:

**Bill Number:** House Bill 28

Original ☒ Correction ☐

Amendment ☐ Substitute ☐

**Sponsor:** Rep. Chandler

**Agency Name and Code** Economic Development Department

**Number:** 41900

**Short** Artificial Intelligence

**Person Writing** Nora Meyers Sackett

**Title:** Transparency Act

**Phone:** (505) 795-3966 **Email** Nora.sackett@edd.nm.gov

### SECTION II: FISCAL IMPACT

#### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A		

#### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
N/A	N/A			

(Parenthesis ( ) indicate revenue decreases)

#### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(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 28 creates a requirement for deployments of artificial intelligence making certain consequential decisions in New Mexico to:

- Provide notice to the consumer on the extent artificial intelligence was used in coming to the decision.
- Provide an appeals process involving a human being for any such decision.
- Provide a notice to the consumer that the system is using artificial intelligence.
- Require that the system not represent itself as a human being.

The “consequential decisions” delineated in the bill are those affecting the provision or denial to a consumer of education enrollment, employment or an employment opportunity, a financial or lending service, housing, health care service, insurance, or legal service.

HB28 gives the state Department of Justice authority to enforce the provisions of the act.

The bill’s effective date is July 1, 2026.

### **FISCAL IMPLICATIONS**

HB 28 does not include funding for any additional personnel or FTE for enforcing the provisions of the bill within the Civil Division of the Department of Justice.

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 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. As well, businesses developing technologies that incorporate artificial intelligence, or new and more advanced software or systems, could choose not to locate their business within the State.

Additionally, the definitions included in the bill language are broad, which could result in confusion and uncertainty regarding what is governed by the language, particularly in a field as

nascent and quickly-evolving as artificial intelligence – this confusion could lead to further business uncertainty and negatively impact business and economic growth.

#### **PERFORMANCE IMPLICATIONS**

#### **ADMINISTRATIVE IMPLICATIONS**

None for EDD.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

#### **TECHNICAL ISSUES**

#### **OTHER SUBSTANTIVE ISSUES**

#### **ALTERNATIVES**

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

#### **AMENDMENTS**