AN ACT

RELATING TO CONSUMER PROTECTION; ENACTING THE ARTIFICIAL INTELLIGENCE TRANSPARENCY ACT; REQUIRING NOTICE OF USE AND AN OPPORTUNITY TO APPEAL IN MATTERS CONCERNING CONSEQUENTIAL DECISIONS; REQUIRING NOTICE DURING USE OF COMPANION PRODUCTS; PROVIDING FOR ENFORCEMENT AND CIVIL ACTIONS 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 Transparency Act".

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

A. "artificial intelligence" means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit and implicit objectives, infer from the

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1   input it receives how to generate outputs that can influence

2   physical or virtual environments;

3   B.   "companion product" means a software application

4   that uses generative artificial intelligence and through the

5   software application's design and function is capable of

6   generating adaptive, personalized and emotionally resonant

7   responses to sustain a coherent, long-term, one-on-one

8   conversational relationship with a user;

9   C.   "consequential decision" means a decision that

10   has a material legal or similarly significant effect on the

11   provision or denial to a consumer of or the cost or terms of:

12   (1)   education enrollment;

13   (2)   employment or an employment opportunity;

14   (3)   a financial or lending service;

15   (4)   housing;

16   (5)   health care service;

17   (6)   insurance; or

18   (7)   legal service;

19   D.   "consumer" means a person who is a user or

20   recipient of goods or services in New Mexico and for whom

21   consequential decisions are made;

22   E.   "department" means the state department of

23   justice;

24   F.   "deploy" means to put into effect, host or

25   otherwise commercialize an artificial intelligence system or a

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companion product;

G. "deployer" includes a person doing business in New Mexico, the state or a political subdivision of the state that deploys or uses an artificial intelligence system to make a consequential decision affecting a consumer;

H. "developer" means a person doing business in New Mexico that:

(1) makes an artificial intelligence system publicly available for use in New Mexico; or

(2) intentionally and substantially modifies an artificial intelligence system that is used in New Mexico;

I. "generative artificial intelligence" means an artificial intelligence system that learns the patterns and structure of the artificial intelligence system's input training data and then generates new data that have similar characteristics;

J. "interactive session" means a dialogue between a human user and a companion product;

K. "machine learning" means the development and incorporation of algorithms to build data-derived statistical models that are capable of drawing inferences from previously unseen data without explicit human instruction; and

L. "substantial factor" means a decision, score, label, prediction or recommendation generated by an artificial intelligence system that is a basis or partial basis to make a

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underscored material = new

[bracketed material] = delete

consequential decision.

SECTION 3. [NEW MATERIAL] USE OF ARTIFICIAL INTELLIGENCE
SYSTEMS WHEN MAKING CONSEQUENTIAL DECISIONS--NOTICE--ADVERSE
CONSEQUENTIAL DECISIONS--OPPORTUNITY FOR APPEAL.--

A. Before an artificial intelligence system is used
to generate a substantial factor or make a consequential
decision concerning a consumer, a deployer shall provide notice
directly to the consumer that the system will be used to make
or generate a substantial factor to be used in making the
decision. The notice shall include the name of the developer,
trade name, version number or other information that distinctly
identifies the artificial intelligence system and the
deployer's contact information.

B. When an artificial intelligence system has been
used to generate a substantial factor or make a consequential
decision concerning a consumer that is adverse to the consumer,
the deployer shall provide directly to the consumer:

(1) a statement explaining:

(a) the principal reasons for the
consequential decision and the specific facts or data about the
consumer or the consumer's application that most influenced the
consequential decision;

(b) the degree and manner in which the
system contributed to and the level of human oversight used in
making the consequential decision; and

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1   (c)   the source and type of data that was

2   processed by the system to generate a substantial factor;

3   (2)   an opportunity to correct any incorrect

4   personal data that was used to generate a substantial factor;

5   and

6   (3)   an opportunity to appeal the adverse

7   consequential decision.

8   C.   An appeal of an adverse consequential decision

9   by a consumer shall be reviewed by a human being.

10   D.   All information, notices and statements to a

11   consumer shall be provided:

12   (1)   in plain language and in all languages in

13   which the deployer in the ordinary course of business provides

14   contracts, disclaimers, sale announcements and other

15   information to users of its products or services; and

16   (2)   in a format that is accessible to

17   consumers with disabilities.

18   SECTION 4.   [NEW MATERIAL] USE OF COMPANION PRODUCTS--USER

19   NOTICE.--

20   A.   At the beginning of each interactive session in

21   which a person uses a companion product, the companion product

22   shall provide directly to the person a notice that the

23   companion product is an artificial intelligence system.   The

24   notice shall be provided in a manner distinct from the format

25   that the product uses for the interactive session and shall be:

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1   (1)   presented in plain language and in all

2   languages in which the deployer of the companion product in the

3   ordinary course of business provides contracts, disclaimers,

4   sale announcements and other information to users of its

5   products or services;

6   (2)   presented conspicuously, legibly and

7   persistently in the user interface for text-based interactive

8   sessions;

9   (3)   presented a minimum of once every thirty

10   minutes for a duration of no less than thirty seconds for

11   interactive sessions that are not text-based; and

12   (4)   in a format that is accessible to persons

13   with disabilities.

14   B.   A companion product shall not represent itself

15   as a human being or make material misrepresentations about the

16   companion product's identity, capabilities, professional

17   certifications or training data.

18   SECTION 5.   [NEW MATERIAL] ENFORCEMENT--DEPARTMENT--

19   OPPORTUNITY TO CURE--CIVIL ACTIONS.--

20   A.   The department shall have authority to enforce

21   the provisions of the Artificial Intelligence Transparency Act.

22   A consumer affected by the use of an artificial intelligence

23   system or deployment of a companion product in New Mexico may

24   bring a civil action in district court against a developer or

25   deployer for declaratory or injunctive relief and attorney fees

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for a violation of that act.

B.   Nothing in the Artificial Intelligence Transparency Act preempts or otherwise affects any right, claim, remedy, presumption or defense available in law or equity.

C.   A violation of the Artificial Intelligence Transparency Act is an unfair or deceptive trade practice and may be enforced in the manner provided in the Unfair Practices Act.

SECTION 6.   EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2026.

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