



# Regulatory Alert

Regulatory Insights Across the States



August 2025

## State Series: AI Legislation

- *More than 1000 bills introduced in 50 states in the 2025 legislative session spanning a variety of issues (e.g., studies/reports, requirements for developers and/or deployers, consumer protections) though only a small number (approximately 10 percent and primarily consumer protection-focused) have been enacted.*
- *The Administration's AI Action Plan directs agencies to revise or rescind existing AI-related regulations that "may hinder AI development or deployment," and recommends federal funding to take into consideration a state's existing AI laws.*

AI state laws and regulations are advancing on two fronts, including broad frameworks and targeted AI issues, creating a patchwork of regulatory requirements. The broad state bills are generally directed toward responsibilities of system developers and deployers (e.g., accountability, transparency) to protect consumers, while more targeted regulations focus on specific applications/topics such as data privacy, AI-generated deepfake content or synthetic media, AI decision-making tools and chatbots.

State attorneys general are stepping in to enforce AI-related laws and regulations, thus far in consumer protection cases involving deceptive AI practices and algorithmic bias in sectors like lending, and antitrust (in conjunction with federal actions related to AI-driven pricing systems).

At the federal level, the recent release of the AI Action Plan (the Plan) introduces over 90 policy recommendations across three pillars - innovation, infrastructure, and diplomacy and security – and suggests that the federal government should “not interfere with states’ rights to pass prudent laws that are not unduly restrictive to innovation.” It highlights pro-innovation action and recommends that federal funding for AI development should take into consideration an individual state's AI laws and regulations.

Notable state activity in 2025 includes:

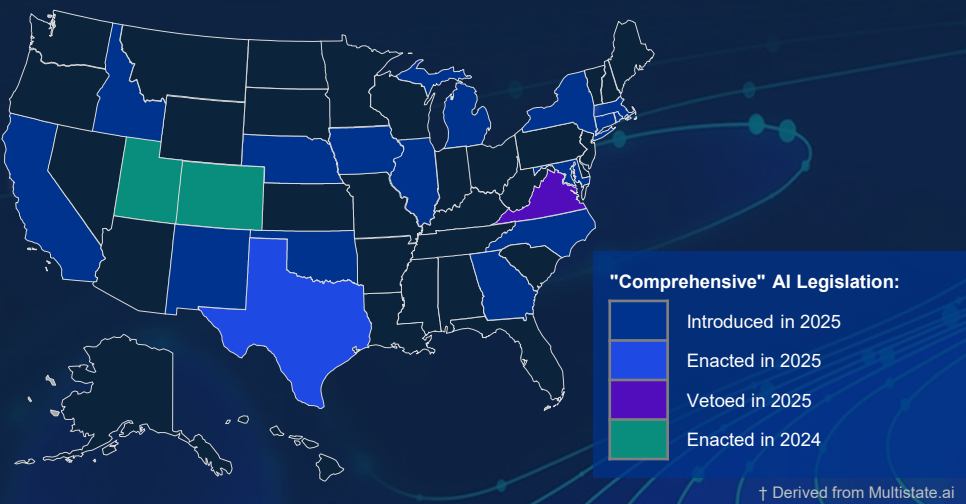
1. **“Comprehensive” AI Legislation** (e.g., broad frameworks)
2. **Targeted AI Legislation** (e.g., consumer protection and data privacy)



# U.S. State AI-Related Laws and Regulations

During 2025, more than **1,000** bills have been introduced in **50** states.<sup>†</sup>

Following on from bills passed by Colorado and Utah in 2024, nearly 20 states have introduced “comprehensive”/broad AI bills in 2025; so far, one bill has been enacted (TX) while another was vetoed by the governor (VA).



## 1. “Comprehensive” AI Legislation

Generally, “comprehensive” AI laws are intended to impose requirements on both developers and deployers of “high-risk” AI systems, defined as systems that autonomously make, or are a substantial factor in making, a “consequential decision” for a consumer. In turn, a “consequential decision” would be a decision that would have a material effect on a consumer’s access to key services (e.g., education, employment, financial services, or health care). Key features of these bills can include (though vary by bill and by state):

Key Features	
Key Feature	Description/Examples
Prevention of Algorithmic Bias	Prohibits systems from causing biased impacts against consumers, including protected classes under federal and state laws, requiring developers and deployers to have appropriate mitigation and management of such risks.
Consumer Notification	Requires consumers to be notified about AI system interactions
Enforcement Authority	Grants exclusive authority to state AGs to enforce state AI regulations, with provisions for civil penalties in cases of non-compliance over AI usage.
Documentation and Transparency	Mandates developers and deployers to maintain documentation summarizing AI system performance, risks, and risk management strategies for transparency.

Note: A small number of states have also introduced legislation with specific considerations for safety and transparency protocols applicable to developers of large “frontier” or “foundational” AI models (determined by certain computation and/or monetary metrics). In 2025, a New York bill, the RAISE Act, is currently awaiting the governor’s signature while other states, including California and Michigan, are considering similar bills. Key features include requirements for:

- Written safety and security protocols, including requirements to implement, test, and publish them
- Annual independent audits of compliance with the safety and security protocols
- Reporting of safety and security “incidents” that increase the risk of “critical harm” or “catastrophic risk” (e.g., lives lost, damage to money or property rights, loss of control of the AI system)

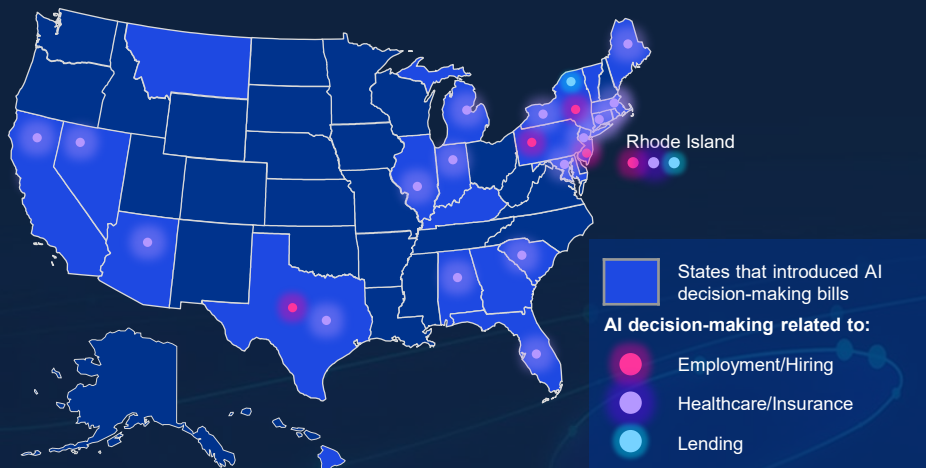
## 2. Targeted AI Legislation

State legislative/regulatory activity has increased in 2025 by introducing, enacting and expanding laws and rules for consumer protection that are focused/narrowed to specific harms in the context of AI. States are increasingly integrating privacy and security mandates into legislation and some states are aligning AI deployment with federal frameworks such as NIST’s AI Risk Management Framework. Key features of these bills include:

Key Features	
Key Feature	Description/Examples
Consumer Protection	<ul style="list-style-type: none"><li>• Protections for consumers related to AI decision-making, including the ability to challenge adverse decisions (e.g., insurance claims) or restrictions on use of automated decision-making tools/systems (e.g., hiring/employment practices, lending)</li><li>• Regulation of AI programs and chatbots, including required disclosures when consumers interact with chatbots or when minors are involved to address privacy and platform safety concerns</li></ul>
Data Privacy	<ul style="list-style-type: none"><li>• Protections for data privacy and restrictions on AI use in providing healthcare services, especially mental health and with mental health chatbots (e.g., NV, UT)</li><li>• Restrictions on the collection, use, and protection of biometric data (e.g., facial recognition, geo location), with implications for AI training and applications (e.g., TX, IL)</li></ul>
Deepfakes	<ul style="list-style-type: none"><li>• Protections for consumer rights to digital replicas or voice cloning, and prevention of unauthorized likeness use, often focusing on disclosure and consent (e.g., enacted TN law)</li><li>• Protections against misuse of AI-generated media, creating causes of action and prohibiting use for defamation or harassment (e.g., CO, AZ)</li><li>• Enacted laws specific to non-consensual creation and distribution of explicit deepfakes, often imposing criminal or civil penalties (across more than 40 states)</li></ul>

## U.S. State Targeted AI-Related Laws and Regulations

Within the broad array of targeted AI-related laws and regulations introduced in 2025, there is a common focus on AI generated automated decision-making tools. **More than 20 states** have introduced this type of legislation. Laws and regulations specific to AI automated decision-making cover multiple consumer protection topics including, employment/hiring practices, healthcare/insurance, and lending practices.<sup>†</sup>



† Derived from NCSL.org

For more information, please contact [Amy Matsuo](#), [John Kemler](#) or [Bryan McGowan](#).

## Contact



**Amy Matsuo**  
Principal and Leader  
Regulatory Insights  
[amatsuo@kpmg.com](mailto:amatsuo@kpmg.com)

Connect on [LinkedIn](#)

Learn about us:



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